

# INFORMATION LETTER

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## PROGRAM OF N.C.A. ADMINISTRATIVE COUNCIL MEETING

Hotel Shoreham, Washington, D. C., November 6-7

### Canned food production program for 1944

Production goals—crops and packs

Support prices on vegetables for processing: (1)

Use to secure acreage; (2) relation to ceilings for finished products, including the questions relating to any possible use of subsidies

Ceilings on raw products as they may be used to control allocation of crops to processing industries and fresh markets

Pricing policies and methods of OPA

Support prices on processed products to stimulate production by ensuring processors against losses in event of cessation of hostilities

Government policy with respect to the relation of prices and profits as an incentive to maximum production

Manpower policy: (1) To aid in obtaining necessary labor to secure maximum production; (2) to provide definite basis for wage rates

Report of Manpower Committee: E. N. Richmond, Chairman

Policy on supply of containers and maintenance and necessary replacement of machinery

Government requirements from 1944 pack and purchasing methods

Suggestions from State Secretaries on means and methods of obtaining maximum production

Food conference date and character of meetings

Transportation problems

Report of War Planning Committee: A. C. Dorrance, Chairman

Technical status of substitute containers: Dr. E. J. Cameron

Report of Legislative Committee: Walter L. Graefe, Chairman

Food Industry War Committee: G. Sherwin Haxton

## Opening Address by Marc C. Hutchinson, Chairman of Council

This meeting of the Administrative Council was called to discuss the policies and regulations that will govern the industry's operations in 1944; to consider what will be the most suitable date for the processors' conference and annual meeting of the Association; and to act upon such other business as may properly come before the Council.

The date for the meeting was set so that it immediately precedes the conference of the Advisory Committee for the Canning Industry called by the War Food Administration and the Office of Price Administration. Members of this Advisory Committee were invited to be with us both today and tomorrow so that they might have the information and the views that are developed at the Council meeting before they go into conference with the government agencies.

There is still a considerable amount of unfinished business connected with the 1943 packing season, but the time is near when the industry must know the conditions under which it will operate in 1944 if we are to obtain the production desired by both the Government and the civilian population.

Fundamental policies upon which the production program and regulations will necessarily be based are still a subject of differences between the Administration and Congress.

The Office of Price Administration is undergoing a reorganization and at the same time trying to handle current problems as well as to formulate its program for the future. The OPA and WFA are both in the position of not knowing the limits within which

they will be permitted to develop their policies and program.

From its experience in the last two years, the canning industry has developed pretty definite ideas on what is necessary to ensure maximum production in 1944 and at the same time have the industry in position to meet the problems of either additional war years or the post-war readjustment period.

But the industry can not prescribe what the policy or the regulations shall be. That is a function of the Government. All the industry can do is to set the facts and the industry's views before the appropriate government agencies so as to give them every bit of information that will be helpful in reaching wise decisions.

The industry is ready and willing, as evidenced by its performance in 1942 and 1943, to go to the limit in doing the job up to it, but it can not accept responsibility for failure to do the job desired in 1944 if it is compelled to operate under either delayed or impracticable policies and regulations.

There has been prepared to refresh your memory, if it needs any refreshing, a general review of events since the processors' conference last December. This review presents only a broad outline, and I think you will agree with me that if the obstacles that canners encountered—the difficulties under which they labored—were set down in detail, the review would fill volumes.

All of you looked to the Association, as I did, for guidance and help, and I know that we received every assistance the Association could give. If we did not get what we wanted I can assure you it was not due to lack of diligence or effort on the part of your Association. I say this because in the midst of our troubles we sometimes lose sight of the fact that the authority to determine policies, the power to make decisions, resides, not in the Association, but in the Government and its agencies.

Members of the Association's various committees have given unsparingly of both their time and energies to work out industry problems. The Association's staff worked with these committees and was on the job all the time—and it had a heavy load to carry. In this connection, I think it is entirely appropriate that we remind ourselves that the Association has been as active in work toward the formulation of government policies and regulations as it has been in obtaining interpretations, rulings, and needed modifications after the regulations had been issued. Canners generally are more familiar with the latter phase of the Association's work; they perhaps have not a proper appreciation of the extent to which the Association's committees and staff have consulted with and aided the government agencies in getting a better understanding of the industry's problems and the measures best adapted to meeting them. Without such work, I am sure that the industry's difficulties under wartime conditions would have been many times greater, and I am just as sure that the Association's assistance and cooperation have been fully appreciated by those government officials who really desired to work out the best practicable solutions of the industry's problems.

As you all know, there has been a considerable reorganization in government agencies since a year ago. New personnel has come into the picture, and with it has come some change in attitude of those who control policies. To put it frankly, the present OPA personnel inherited a legacy of trouble, and it is only fair that we recognize that fact in our discussions or criticisms of what has gone before. We want to approach next year's problems with every desire to cooperate with and assist the government agencies in working out the best and most practicable program.

We have a lot of things to consider in this program, but they can be divided into two groups. In one group are the broad general policies; in another are the multitudinous details connected with our individual operations. We can save time and make better progress, I believe, if we are able to keep "on the beam", that is, to stick to the discussion of general policies until we have them well in mind. Then we can take up such details as we find necessary to clear up questions that we may wish to raise. I make this suggestion, not to hurry our work or to put a damper on full discussions, but to enable us to make the best possible use of our time.

## Review of Industry Problems Presented at Council Meeting

The purpose of this review is to present a broad outline of the canning industry's problems during the past year, rather than to make a detailed statement of the difficulties encountered by the Association and the industry in obtaining action, and necessary modification of actions taken, by the government agencies under whose policies and regulations the industry had to operate. The review is important both because it is a measure of what must be avoided in 1944, and because government action tends to follow historical patterns.

The canning industry started the year with the purpose to produce the largest output possible within whatever limits might be imposed by wartime conditions. The four most important factors affecting the probable 1943 production were—

1. Amount and price of the raw products that would be available for processing.
2. Amount of labor that would be available and the rate of wages that would have to be paid to get that labor.
3. Maximum prices that would be established for the industry's products for sales both to the Government and the civilian trade.
4. Amount of equipment and containers that would be made available.

### Food Program Authority Divided

From the outset the problem of getting a definite, coordinated program was complicated by the fact that each of these important production factors was under the direction or control of a separate Federal agency.

On raw products the Department of Agriculture, and later the War Food Administration, had authority with respect to both promotion of production and the fixing of minimum grower prices. The Department deemed it necessary to use higher grower prices as a stimulus to production.

On wages the War Labor Board was, in January, 1943, holding generally to the "Little Steel" formula, although adherence to that formula would make it difficult, if not impossible, for the canning industry to get the labor it needed from sources already depleted by the draft and by migration of workers to munitions industries.

On prices for the industry's products the Office of Price Administration was in control, and its policy was to maintain the existing 1942 price levels.

On equipment and containers the War Production Board had control, and its policy was generally to provide what-

ever was needed so far as available supplies of materials would permit.

Moreover, as these government agencies were organized there was not only no over-all coordinated control, but in many instances one agency had the authority to block action by another.

Obviously, if the Department of Agriculture, the War Labor Board, and the Office of Price Administration had each adhered to the policies they had adopted, or had been directed to follow, the result would have been drastic curtailment of production, or bankruptcy of the industry, or both.

There is a direct relation between raw product prices, wages, and prices of the finished product. This relation had to be recognized and adjusted if the desired maximum production was to be obtained. Cost factors could not be increased and finished product prices held unchanged unless processor and distributor were to be squeezed, or unless some method was adopted that would provide relief for the processor from the added costs.

Most of the industry's difficulties during the past year arose from failure of the government agencies to recognize these conflicts in policy, or if they did

recognize them, to take appropriate action to coordinate them. There was, moreover, an effort to shift responsibility. In part, this effort was unfounded, because general policy directives from superior agencies circumscribed the limits within which the different subordinate agencies were permitted to make changes in their policies and program. The canning industry found itself in much the same position as the innocent bystander—likely to be hit from any direction.

#### Processors' Conference in December

Prior to the processors' conference held last December, canners had been led to expect that they would be given a definite coordinated program at that time. They didn't get it. The only definite information they obtained was on containers, tentative government quotas, and government purchasing methods. They were given merely a general statement on food production goals and on the price support program of the Department of Agriculture. They were also told that the Office of Price Administration would issue flat regional dollars and cents prices and would require grade labeling.

The basic problem for the canner remained that of added costs of raw materials and labor as related to prices for the finished product. Late in January the Department of Agriculture announced the general level of support prices for the four major vegetable crops, and a general announcement of a plan for the Government to purchase the pack of canners who were certified as paying these prices and to resell these products to the canner at a discount. Simultaneously the OPA announced its intention to maintain existing 1942 prices for canned foods at the consumer level.

#### Basic Price Order Issued

Meantime, the Office of Price Administration had issued, on January 22, its basic price regulation for canned products—Maximum Price Regulation No. 306. This order fixed dollars and cents regional prices on only canned grapefruit. MPR 306 required grade labeling based on AMA grades and was so drafted that prices for other products could be established by amendments to the order in the form of price schedules.

The industry was not satisfied with the indefinite purchase and resale program of the Department of Agriculture, nor with the basic price order of the OPA. Likewise the absence of any specific price ceilings—promised since the preceding December—made intelligent planning of production or contracting of acreage well-nigh impossible. Canners needed and demanded a definite,

concrete program giving them some assurance either that prices at the processors' level would make adequate provision for their increased costs, or that the increased costs for raw products and labor would be taken care of in some other definite manner.

#### Congress Holds Hearings

The first two months of 1943 were a period of consultation, conference, and controversy, in which no progress was made. Congress early in March took a hand in the situation, and canners appeared before the House Committee on Agriculture, along with representatives of the Commodity Credit Corporation and the Office of Price Administration. Testimony of canners indicated that the industry found itself hampered, confused and bewildered, with its right to serve the country "being destroyed through arbitrary, unsound, unworkable and delayed plans of OPA as well as by the injection of the matter of subsidies into the affairs of the industry." Testimony also was introduced showing that mandatory grade labeling would tend to clog canners' warehouses, slow up production lines, and result in waste of food through sampling.

As a result of two days' hearings, conferences were arranged, in which the Commodity Credit Corporation, the Office of Price Administration, and the canning industry were to participate in an effort to work out a practical program.

#### Joint CCC-OPA Program

In mid-March the CCC and the OPA issued a joint statement on their 1943 program. Under this program it was announced that canners would be required to pay the regional support prices for raw products set up by the CCC, which would then buy the crops and resell them to the canners at 1942 prices. However, the resale would be applicable to only that part of the crop used in processing foods for the civilian trade. On crops processed for the Government the OPA was to provide separate ceilings reflecting the increased cost of raw products as well as other known increased costs. On products for the civilian trade the OPA was to establish geographical regional dollars and cents prices based on 1942 raw material costs by regions, plus other canning costs adjusted for known increases over 1942, and to include a profit margin based on canners' returns in 1941.

The announcement gave the CCC general support prices for snap beans, lima beans, beets, carrots, kraut cabbage, sweet corn, peas, and tomatoes. OPA stated that asparagus and spinach

would also be flat priced and that prices for other miscellaneous vegetables would be established for 1943 so as to reflect the increased cost of raw material, not to exceed 10 per cent of the price paid for the raw material in 1942.

The announcement also stated that in "hardship cases" individual canners would be reimbursed on the portion of their pack for the civilian trade for increases in costs other than those included in ceiling price, upon a showing that the canner could not absorb the increased costs and maintain a fair and equitable return.

#### Situation in Mid-March

To sum it up, the industry in mid-March had been given the approximate cost of specified vegetables it would use; it had no information with respect to other vegetables and no information whatever as to fruit costs; it was given the basis but not the actual maximum prices at which it could sell, but this basis furnished no information on what were termed "other canning costs adjusted for known increases over 1942" nor on the profit margin which it was to be allowed and which was to be based on returns in 1941. In addition, the CCC had promised reimbursement in so-called individual "hardship cases" where the canner could not absorb the increased costs and maintain a fair and equitable margin on the part of his pack for the civilian trade. Prices on goods sold to the Government were left for future handling by the OPA. The industry by this date had been given a few definite facts, but the rest of the program was merely promises and declaration of intentions without any definite facts to tie to.

#### Price on 4 Vegetables Announced

On March 24 OPA announced its flat regional prices for canned peas in the form of a schedule appended to MPR 306. Prices for canned tomatoes were announced on March 27, sweet corn on March 31, and snap beans on April 7. These prices were for the civilian trade.

Accompanying each of these price schedules issued in the last week in March, was a statement by the OPA indicating how it had calculated these prices and setting forth definite promises as to what would be done in the future. This statement as concerning peas said:

"The maximum prices in the accompanying amendment were therefore based upon the cost of peas for processing during the 1942 season, by regions. To this cost was added the cost of processing, including such items as overhead, packing materials, labor, ad-



vertising and selling expense, plus a reasonable margin to the processor. The costs used in computing such prices were 1942 costs, adjusted for known increases. Labor cost was computed on the basis of 1942 rates. *Adjustments of maximum prices will be made to reflect the increased cost of labor in the event that regional labor rate increases are granted by the War Labor Board. Maximum prices for peas packed in glass include the increased labor costs as well as the increased container costs.*

MPR 306 had likewise been amended on March 6, 1943, to provide that the Army in its buying need not adhere to the AMA grades on which these regional flat prices were based. It was stated that where "for some technical or in some minor respect" a product did not conform to a particular AMA grade, the Army might disregard that grade and the ceiling price for it, and pay a higher intermediate price. The price which the Army paid became the lawful ceiling price for such sale.

Meanwhile the industry was becoming increasingly concerned over the question of labor—both the amount of labor it could obtain and the rate of wages it would have to pay. The Association's Manpower Committee and Manpower Division labored diligently for many weeks to meet the problems presented by the draft of men to the Armed forces, migration of labor to munitions industries, loss of key employees, and plans for recruiting workers from new sources. All the time there was in the background recognition of the fact that, if the industry was to be successful in getting the labor needed, it would be necessary to increase wages; and adjustment of wages under the freeze order of October 3, 1942, presented many and difficult problems. The procedure was slow and, with a highly seasonal industry like canning, could not meet the need for prompt and satisfactory relief.

#### April Meeting of N. C. A. Board

Because of the accumulating difficulties and the hope that first-hand discussion with the government agencies would provide an opportunity to clear up the various problems so as to enable the industry to get on its production job, the Association called the spring meeting of its Board of Directors for April 9 and 10—a month earlier than usual. To this meeting it invited the Administrative Council, Section chairmen, Secretaries of the State and Regional canners associations, and representatives of the government agencies dealing directly with the food production program.

On April 8, the day before the Board convened, President Roosevelt issued

the "hold-the-line" order, the purpose of which was to prevent price increases and to limit wage adjustments to those conforming to the "Little Steel" formula. It also delegated to the Director of Economic Stabilization all the powers over prices and wages and all the delegations of authority contained in previous executive orders of similar import.

At the Board meeting the canners had before them the proposed CCC purchase and resale price schedules, but not the terms of the contract itself, and they had also had opportunity to study the flat regional prices for the four major vegetable products. Much of the discussion revolved around these two subjects, and the problem of obtaining the necessary adjustment of wage rates under the "hold-the-line" order.

Representatives of the OPA announced that grade labeling would not be discussed because final decision on that subject, which had been the subject of numerous conferences and representations since the beginning of the year, rested with Administrator Prentiss M. Brown.

OPA representatives stated that various changes would be made in prices already announced, and outlined a general schedule for action on various products, indicating for some the pricing methods that would be used. In this meeting, as in conferences and discussions that preceded it, there was much more of discussion and promise than there was of definite action.

#### Grade Labeling Action by OPA

During the month that followed the April Board meeting the grade labeling question was the subject of Congressional committee inquiry, conferences between Administrator Brown and committees of canners, and of formal request by the House Interstate Commerce Committee that the effective date of the grade labeling requirement be postponed. The War Production Board revised Conservation Order M-104 giving 1943 packing and specifying closure materials and also issued a revision of Order M-81 on tin containers. OPA issued Amendment 7 to MPR 306, setting ceiling prices on spinach and grapefruit in glass.

On May 18 the OPA finally took action on the grade labeling question by amending MPR 306 in such way as to revoke the label requirement but to require that canned products for the civilian trade be graded according to AMA standards, that the grade be carried on the canner's invoice, and that when two grades were sold under the

same brand the grade differences must be indicated on the label.

#### CCC Issues Contract Offers

In the middle of May the Commodity Credit Corporation mailed to corn, pea, tomato, and snap bean canners its formal offer to contract to purchase and resell these crops for canning. The terms of the contract, unfortunately, did not reflect the many suggestions and requests which had been made during the course of its negotiation. The details on this point have been fully presented to the industry. Of particular interest, however, was the clause intended to carry out the "hardship" idea that had been earlier announced. This provided merely that the CCC would entertain applications by canners, and that if it determined, wholly in its own discretion, that anyone had suffered an "undue hardship" the Corporation would "make such increase in the purchase price as it determines to be appropriate". In other words, there was no legal obligation on the part of the Corporation, but simply an undertaking to consider applications for relief.

#### Directive on Wage Adjustments

Meantime the industry had been struggling with the problem of getting authority to make necessary wage increases. On May 11 the Director of Economic Stabilization issued a directive with respect to wage adjustments in the seasonal and perishable food and feed processing industries. This directive permitted increases in the wages of common labor in processing industries, provided the adjusted rates did not exceed the rates paid common labor in the vicinity of the processing plant plus the differential (but not more than 8 cents an hour) which existed during 1940 or 1941 between farm and processing labor, and provided that the new rates did not exceed the going rate for common labor in the particular market area. Similar adjustments were permitted on piece rates. If the employers involved or the OPA certified that these adjustments would not furnish a basis to increase prices or to resist reductions they would become immediately effective; otherwise they had to go to the Economic Stabilization Director for approval.

The effect of the May 11 directive was to tie up action on wage increases directly with OPA prices. Wherever the authorization of a wage increase would require higher prices for the finished product, it was necessary for canners, either as individuals or in groups in the various States, to file a formal application with the War La-

bor Board. It was also necessary at the same time to file a request with the OPA. If the War Labor Board approved the wage increase, its action had to be in turn approved by the Director of Economic Stabilization who could not act until he had received a recommendation. This made for delay or defeat of the application in most cases because of the attitude of the OPA, which was adhering to the hold-the-line order.

To facilitate the securing of these necessary wage increase authorizations, the Association sent to the various State association secretaries a memorandum, prepared after consultation with the OPA, outlining how these complicated applications were to be prepared and what information would be necessary. As will be seen later, all of these applications were stymied until mid-June.

#### Seventh Day Double Time

On top of this canners had to bear in mind Executive Order 9240, issued in September, 1942, which required the payment of double time for each consecutive seventh day's work. The Association asked the exemption of the canners of seasonal and perishable fruits, vegetables and fish from this order. The Secretary of Labor on March 2, 1943, denied the application and ruled that seventh day double time was applicable to canners, even though they were exempt under Section 7 of the Wage and Hour Law. The application for exemption was renewed. On June 7 the Secretary issued an order exempting fish processors. The Association continued to press for exemption of fruit and vegetable packers through July and August, and the application was finally granted on August 25. Thus, the Department of Labor's decision on this question came only after a good part of the 1943 packing season had passed.

#### Second Board Meeting Called

By this time the industry was becoming both discouraged and impatient at the slow progress, or lack of progress, of the government agencies in getting their plans into definite, tangible form. The 1943 canning season had already begun on some products; in a short time it would be in full swing. From the very beginning of the plans last fall there had been delay, indecision, changes in policy and procedure. Accordingly, the Association called another meeting of its Board of Directors, the Administrative Council, Section Chairmen, and Secretaries of State and Regional canners association, to be held on June 4.

Before the meeting took place, President Roosevelt created a new office—that of War Mobilization—headed by Justice James F. Byrnes, and appointed Judge Fred M. Vinson to succeed Justice Byrnes as Director of Economic Stabilization. Also before the Board met, J. K. Galbraith resigned as Chief Price Executive of OPA.

During the same week that the Board met, and preceding that meeting, two committees of Congress held hearings to investigate the OPA, at which representatives of the canning industry appeared. Their testimony dealt with grade labeling, requirement of AMA grades on the label, flat pricing, failure to consult the industry prior to putting regulations into effect, OPA's internal disorganization, and related subjects.

#### Recommendations by N. C. A. Board

The Board approved seven basic recommendations with respect to government personnel, policies, and regulations. These recommendations included:

1. Employment of personnel who are practical and not inexperienced theorists.
2. Abandonment of regional area prices and return to formula prices based on the provision of the law that the processor of farm products shall receive a reasonable profit. Formula prices may result in some hardship cases and a division should be immediately set up to dispose, with prompt dispatch, of old cases now pending as well as future cases.
3. Elimination of present regulations requiring compulsory government grades on invoices and return to the use of brands or commercial grades which years of experience have proven to be the most practical method of promoting consumer good will, quality, and production. Also permit the use of the commercial arbitration system established in all important markets in the last 25 years.
4. Increased costs of the 1943 packs to be reflected in price ceilings.
5. The industry is opposed to subsidies on principle, but if they are employed in connection with price control, said subsidies, together with the ceiling prices, should cover the costs of processing plus a reasonable profit. In every case it should be made clear that the processor acts only as agent for the ultimate beneficiary and is never the recipient of any subsidy.
6. Transfer of complete control over manpower and wages of processing employees to War Food Administration where responsibility for production now rests.
7. In all cases the experience of the industry should be consulted in advance of promulgation of every regulation as required by law.

#### Second Directive by OES

On June 11, one week after the Board had met, the Director of Economic Stabilization announced what he termed "a series of steps which will be taken by various governmental agencies to insure an adequate supply of processed vegetables."

The instructions issued to the War Food Administration, Office of Price Administration, and the War Labor Board were as follows:

#### To the OPA—

1. To maintain the civilian price ceilings at the processors' level, which have already been announced, for the 1943 pack of canned green peas, snap beans, sweet corn, and tomatoes, and to establish comparable ceiling prices for other primary tomato products and frozen green peas, snap beans, and sweet corn;

2. To establish ceiling prices for the 1943 pack of vegetables other than green peas, snap beans, sweet corn, and tomatoes in which allowance shall be made for the current costs of raw materials and processing, including growers' support prices announced by the War Food Administration and wage increases approved by the War Labor Board;

3. To establish ceiling prices for the 1943 pack of canned and frozen vegetables for purchase by governmental agencies, which will make full allowance for the current costs of raw materials and processing including growers' support prices announced by the War Food Administration and wages approved by the War Labor Board.

4. To place under effective control the producer prices for raw vegetables.

#### To the Commodity Credit Corporation—

1. To carry out its purchase and resale program for green peas, snap beans, sweet corn, and tomatoes, in accordance with its offer to the processing industry with respect to the pack for civilian consumption; and

2. With respect to these four vegetables, to absorb that portion of the additional processing cost represented by increased wage rates approved by the War Labor Board which is necessary to permit individual processors to obtain net returns from their 1943 operations in line with the average net returns for the industry in representative pre-war years. These additional costs will be absorbed under the hardship clause of the offer of Commodity Credit Corporation to the processing industry and will be calculated by methods to be worked out after consultation with the industry and approved by the Director of Economic Stabilization.

This program was limited to vegetables; it permitted no increase in ceilings for the four principal products; it afforded only the possibility of relief for added costs under the "hardship

clause" of the CCC contract covering raw materials, but specified neither the amount nor time of payment; it stated that prices in sales to the Government would be established later to reflect costs of raw materials and processing and that the same procedure would be followed for minor vegetables; it said nothing about fruits; it referred only collaterally to pending applications for permission to make wage increases.

In effect, as to the four major vegetables, it froze ceiling prices and required the canner to proceed with his pack, absorb increased costs, and then rely on a future application for relief to compensate him. The canner did not have a specific contract covering this relief, only a promise that in the future, in the discretion of the Government, some relief would be granted.

#### OPA Policy Repudiated

Most important, however, was the complete repudiation of the promise, previously announced by the OPA throughout the country and set forth in the statements accompanying the earlier price regulations, that authorized increased labor costs would be reflected in higher ceiling prices. This was recognized by the Director of Economic Stabilization who stated that:

"Today's determination is in accordance with the President's 'Hold-the-Line' order of April 8, 1943. Prior to that time it had been announced that ceiling prices for all processed vegetables would be adjusted to compensate for approved wage rate increases. This previously announced policy would result in higher consumer prices for essential cost of living items—a result inconsistent with the 'Hold-the-Line' program."

Likewise, the limiting of even an application to relief on the basis of some undetermined concept of "the average net returns for the industry in respective pre-war years," made the prospect of relief completely uncertain.

In response to these announcements by the Director of Economic Stabilization, President Carroll E. Lindsey addressed to him on behalf of the industry a letter reviewing the history of the administrative bafflement and the frustration of production planning, and pointing out that the proposed method for taking care of these increased labor costs was a discrimination against the canning industry. He compared it with other arrangements on other commodities, such as butter, in which a specific sum per unit of production was paid at the end of each month irrespective of the financial condition of the manufacturer. Lastly he called to the attention of the Director of Economic Stabilization the fact that his announcements in

no way cleared up the outstanding difficulty—that the various applications for authority to pay increased wages were still pending without action.

#### Situation in Mid-June

At the start of the year, canners had sought definite information on raw material costs, wages, and price ceilings for their products, and by the middle of June, with the packing season under way, they still had no price ceilings on fruits, no ceilings on minor vegetables, no ceilings on products to be sold to the Government, and most important of all, the problem of taking care of increased labor costs was still being handled about.

#### Congress Acts on OPA, Subsidies

In June Congress passed the appropriation bill for the OPA with provisions requiring that OPA policy-making personnel have practical business experience, forbidding the use of OPA funds for subsidy payments, again prohibiting the establishment of any maximum price for a food commodity below those established in the Act of October 2, 1942, and forbidding the use of OPA funds to enforce grade labeling. This bill was approved on July 12. While this appropriation bill was being considered by a Joint House and Senate conference committee, Congress was embroiled in a controversy on the subsidy issue arising out of proposals to continue the life of the Commodity Credit Corporation.

A bill to extend CCC was passed on June 30, the day the Corporation was due to expire. This bill contained provisions banning subsidy payments on foods by any government agency. The President vetoed the measure and the House failed to override the veto. Congress then passed a resolution continuing the life of CCC to December 31, 1943, with no restriction on its use of funds for subsidy payments and with an increase of \$350,000,000 in CCC borrowing capacity. Thus, the subsidy question, which figures largely in the Administration's food program for 1944, was postponed until Congress reconvened after its summer recess.

In its final passage of the resolution to extend CCC until December 31, 1943, Congress repealed the prohibition against the use of OPA funds to enforce grade labeling regulations and in its stead adopted the Taft amendment to the CCC resolution. The Taft amendment added a new subsection to the Price Control Act which states that the Act shall not be construed as authorizing the elimination of brand names, requirement of grade labeling, standardization of a commodity unless

it is necessary for effective price control, or establishment of maximum prices for different kinds, classes, or types of a commodity in terms of specifications or standards, unless the specifications or standards were in general use in the trade or were promulgated and lawfully required by another government agency.

#### July Price Action by OPA

In July the OPA began making a series of amendments to the basic price regulation for canned products (MPR 306), the purpose of which was to correct errors or omissions in the original order and in amendments previously made and to complete the pricing program.

Amendment 9, issued July 5, made some changes in the pea price schedules and also changed one district in the snap bean schedule. At this date the pea pack was finished and the pack partly sold. But few of the changes recommended by canners were included. It was in this amendment that OPA deviated from its announced policy of flat pricing and provided formulas for a number of the vegetables. This was done primarily at the insistence of the industry to get the prices out before the pack, and not because OPA had given up its idea of flat pricing.

The formulas provided in Amendment 9 were merely the 1943 edition of the formulas established under MPR 152 for 1942, with no provision for correcting the faults of the 1942 formulas. These were called to OPA's attention by the Association early in July, and although the need for corrections was obvious, OPA failed to correct them until it was too late. In some cases the fact that these corrections had been delayed was used as an argument by OPA for not making corrections, because it did not want to change the pricing policy in the middle of the pack.

In Amendment 9 and later amendments, the repudiation of the promise to reflect authorized wage increases in ceiling prices, which had been directed by Judge Vinson, was put into effect. These amendments recognized these authorized wage increases in the case of government prices but provided for price adjustments by States, ranging from 1.02 to 1.045 times the regional flat prices, for civilian sales. But on sales for civilian consumption, this adjustment, which was obviously necessary to make the regional prices reflect an average regional margin, was never made; instead the OPA decided that: "• • • wage rate increases incurred for that portion of the pack sold to persons



other than government procurement agencies are to be subsidized, if necessary, by the Commodity Credit Corporation."

Amendment 10, issued July 27, corrected some errors in the asparagus schedule. The asparagus pack had been completed and most of it sold long before this date.

#### Fruit Prices Finally Issued

Amendment 11, issued July 30, was the fruit price order, and for certain fruits, particularly cherries, apricots and berries, was issued too late to be of any value. The flat pricing schedule of red sour cherries in this order was recognized by OPA to be a mistake and although the industry and other government agencies insisted on its correction, OPA has yet to change the prices for red sour cherries as issued in this amendment. Owing to the absence of any workable plan for allocating berries and red sour cherries for canning, a substantial percentage of the crop was marketed through channels where the price restrictions were either lacking or the price loosely controlled.

The fruit pricing program is an example of the lack of coordination between OPA and WFA. It illustrates how the refusal on the part of OPA to adjust its price schedule to facts as established by the industry, diverts the marketing of a food crop into channels where consumers are required to pay substantially higher prices. It has been pointed out to OPA that such delays not only contribute to inflation but create an inflationary price situation to a much greater degree than would have existed without price control. Furthermore, the delay has prevented the Army from acquiring fruits urgently needed.

Over all, MPR 306 included both regional flat prices and formula prices, and the regulation as a whole was neither fish nor fowl. Canned peas, corn, tomatoes, snap beans, spinach, asparagus, citrus juices, mustard and turnip greens, and RSP cherries were regionally flat priced on AMA grades. Although canned tomatoes were similarly priced, tomato products were formula priced. So were all other canned fruits and vegetables, and so in other regulations were all frozen fruits, berries, and vegetables.

Why this confusing use of two different pricing methods was necessary was never officially explained. It seemed to canners to have no relation to the Commodity Credit Corporation subsidy program on the raw material inasmuch as spinach, asparagus, mustard greens, citrus fruits and RSP cherries were not included in any raw

material subsidy program, yet they were regionally flat priced. Tomato products on which the raw material was subsidized, however, were formula priced.

#### Further Action on Pricing

Amendment 12, issued August 2, attempted to provide means for canners pricing their products under selling practices not usual for the industry.

Amendment 13, issued August 5, eliminated the requirement that only one grade may be sold under the same brand, but it did not change the status of the requirement to put AMA grades on the invoice, as required by Amendment 8, issued May 18.

Amendment 14, issued August 12, made the broker the agent of the seller and required canners to pay brokerage out of the maximum prices as set in the flat price schedules.

Amendment 15, issued August 24, was the first of a series of amendments designed to correct obvious errors in Amendment 9, but only a few were corrected in this amendment.

Amendment 16, issued September 17, corrected additional errors in Amendment 9 and clarified position with respect to payment of discounts and allowances.

Amendment 17, issued October 4, corrected errors and omissions in Amendment 11, issued July 30.

Amendment 18, issued October 25, established pricing formulas for sauerkraut.

#### Outstanding Omissions from Program

Among the errors and omissions in Amendment 9 to the basic canned vegetable amendments that have not been corrected are:

1. Allowing canners to correct their 1942 reports under MPR 152 before filing their 1943 formula prices. The amendment as written requires the perpetuation of errors made in the 1942 calculations.

2. The announcement of a specific form for reporting 1943 calculations. This form is now about ready to be sent out.

3. Adjustment to a comparable basis of the raw product prices for 1941 and 1942 which were used in the formula calculations under MPR 152 to the support or resale price, as required to be used in pricing for 1943.

4. In cases where the raw product to be used in the 1943 formula is not comparable to that used in the 1942 calculation, no provision has been made to adjust the yield factor as used in 1942 to a comparable basis.

5. The formulas as provided in MPR 306 are based on that developed in the original MPR 152 and no provision has been made in MPR 306 or any of its

amendments to price items that were priced under the various amendments to MPR 152. This leaves a number of can sizes and some styles of pack of the 1943 crop that cannot be priced under MPR 306 except by the cumbersome method of supplying OPA with voluminous cost data, profit and loss statements, etc. Although OPA has admitted the omission of those parts of the formulas, it has made no effort to include them in the amendments to MPR 306 thus far published.

#### Conflict on Wages and Prices

The WLB directive issued May 11, permitted canners who requested an increase in wages to raise their wages 10 cents an hour. The Director of Economic Stabilization, in his directive of June 11, authorized OPA to adjust prices to government agencies to cover approved wage increases if they had been paid. In spite of this blanket directive, OPA erected hurdles to avoid giving these price adjustments to certain States. Prior to the issuance of the May 11 directive, OPA was supposed to consider price adjustment in only those cases where WLB and the Director of Economic Stabilization had jointly approved an application for wage increases.

Although the May 11 directive together with the June 11 directive constituted a blanket joint approval of these two offices for wage increases and price adjustments on sales to government agencies, OPA held up the approval of price adjustments for many of the States on technicalities. The approval for Idaho came on September 17, two and one-half months after Amendment 9 was issued. Pennsylvania and Nebraska were added to the list on October 25 by Amendment 18 to MPR 306 and the application of canners in Maine has been held up indefinitely.

#### Delay on Hardship Clause

On the principal canned vegetables (corn, peas, tomatoes and snap beans) price adjustments for approved wage increases were to be made only on that portion of the pack reserved for the Government, or approximately one-third of the pack. The June 11 directive held out hope to the canners that the wage increases on the remaining two-thirds of the pack would be paid by the Commodity Credit Corporation under the hardship clause in the CCC contract. However, canners found that, if they had increased their wages, the possibilities for recovery under the hardship clause were not so bright as they had been led to believe. A committee was appointed and met with the Commodity Credit Corpora-

tion on October 23 to work out the details for reimbursement.

It is reported that this committee urged upon the Commodity Credit Corporation the unfairness and invalidity of the proposal to base reimbursement for increased labor costs on some vague idea of industry-wide average profits in prewar years. It was suggested that, since the OPA had indicated some measure of what these increased labor costs meant in the price of the finished product in its provisions for government sales, it would be preferable to use these same price additions and to make definite payments to each canner per case. This would leave the "hardship clause" available for canners who still were in difficulty under the OPA price ceilings. It is reported that this suggestion was not accepted, and instead the committee of canners was asked to cooperate in working out elaborate proposed schemes under which the accounts of every canner might be audited.

Up to the date of this report, at a time when all of the 1943 packs have been completed, no announcement by the Commodity Credit Corporation has yet been made as to how and when applications for reimbursement or "relief" are to be made, or when and to what extent payment will be made.

#### Problems Not Covered by Review

In the foregoing review of events to the latter part of October much detail has necessarily been omitted. Many canners had individual problems

that hampered their operations. Moreover, the review does not cover such problems as that of taxation and the renegotiation of contracts, which have received constant attention from appropriate Association committees.

The outstanding fact is that the industry was compelled to operate this year under a program which was not only vague but which was subject to frequent changes and was burdened with such added problems as efforts to change established business practices. Just as outstanding is the fact that, despite these handicaps, the industry went ahead and did the best job it could in food production.

#### Basic Requirements for 1944

From this year's experience and that of 1942, the industry knows what is necessary to enable it to carry out a successful production program in 1944. The country needs all that the industry can produce; the industry wants to make the largest pack possible with the raw products, labor, and equipment and supplies available. To do this the industry requires, not next spring or next summer, but at the earliest possible date, a definite, equitable, and practical program that includes information on the following points:

1. Production goals and prices of raw products to be available for processing.

This includes support prices that may be used to obtain increased production, also methods that will be used to control allocation of crops to processing industries and fresh markets.

2. Labor supply and rates of wages that will be permitted in order to get the labor supply needed to process crops.

This includes the program for labor recruitment and assignment, as well as a policy that will enable the industry to retain or obtain services of key employees.

3. Price policies and pricing methods for the industry's products.

This includes relation of these prices to raw products and labor costs; support prices to stimulate production by ensuring canners against losses in event hostilities cease; assurance of such relation of prices and profits as to be an incentive to maximum production; provision that if Congress authorizes use of subsidies, either for raw material or for increased labor costs, the reflection of such subsidies in OPA ceiling prices will carry with it a definite legal commitment to pay a specific amount per unit of production on an equal basis to all canners irrespective of their financial condition.

4. Amount of equipment and containers that will be available.

5. Government requirements from 1944 pack and purchasing methods to be used.

Finally, because canning is a seasonal industry that requires advance planning and cannot operate efficiently or satisfactorily under policies and programs subject to frequent change, it needs a definite and coordinated program that provides no opportunity for shifting of responsibility or evasion of obligations.

## PEACHES, PEAS AND CATSUP RELEASED FOR CIVILIANS

### WFA Permits the Sale of Contingency Percentages Now Held Under Reservation Order

The War Food Administration on November 2 directed the release to the civilian trade of 900,000 cases of peaches (basis No. 2½ cans), 1,080,000 cases of peas and 810,000 cases of catsup (basis No. 2's). The foods to be released are a portion of the reserves owned and held by canners to meet possible emergency requirements of the Government, under the terms of Food Distribution Order 22.4. (See INFORMATION LETTERS for May 15, May 22, and August 14.) The quantities designated represent approximately the full contingency reserve amounts which FDO 22.4 established at 6 per cent for peaches, 3 per cent for peas and 9 per cent for catsup.

In establishing contingency reserves under FDO 22.4, the Food Distribution

Administration announced that these reserves would not be purchased unless they were necessary to meet war needs, and if not, canners would be permitted to sell them in normal channels of distribution.

"Present requirements of government agencies do not indicate a need for processors to hold the full amounts of these contingency reserves and it is therefore possible to release these quantities for civilian use," said FDA.

The Office of the Quartermaster General will release these goods, acting on authority granted by FDA.

#### Tri-State Packers Meeting

The Tri-State Packers Association will hold its meeting at the Benjamin Franklin Hotel, Philadelphia, Pa., on December 1 and 2.

## Ruling on Shipping Containers

The War Production Board on November 3 issued the following statement on fibre shipping containers:

A question that has been asked the WPB many times since Limitation Order L-317, covering fibre shipping containers, was issued, is: "Are fibre and corrugated shipping containers which have been rejected during the course of manufacture or upon delivery because of errors in size, printing, etc., considered used containers under the provisions of Order L-317?" WPB has ruled that rejected corrugated and fibre containers are considered as new containers until they have been used for the packing of a product.

Therefore, so-called "reject boxes" must be considered new containers insofar as they relate to the provisions of Order L-317.

Under the above ruling, persons who do not treat reject boxes as new boxes are in direct violation of the order.



## NEW PAPERBOARD PRICING

### Action Taken to Encourage Production Of Cheaper-Priced Grades

The Office of Price Administration has increased paperboard ceilings at the manufacturers' level on nine items for a limited period. The temporary prices, provided in Amendment 7 to Revised Price Schedule No. 32, are part of a joint program with the War Production Board, intended to encourage production of lower-priced grade of paperboard.

The increases, which range from \$1.50 to \$3 per ton, became effective November 4, and will remain in effect through January 14, 1944. The following day the former ceilings will again apply unless OPA orders otherwise.

Two new qualities of .016 jute test liner are added to the schedule by Amendment 7 to RPS No. 32. A ceiling of \$1.92 per thousand square feet is established for "85-lb. test to less than 100-lb. test" jute liner, which is \$3 per ton less than for 100-lb. test jute liner. A ceiling of \$57.50 per ton is set for "less than 85-lb. test" jute liner, which is \$2.50 per ton less than for the 85-lb. test and is at the ceiling for full-bending chipboard, the grade it approximates in quality. These two new ceilings likewise remain in effect only until January 15, 1944, when they revert to \$1.82 per thousand square feet and \$55.00 per ton, respectively, unless OPA orders otherwise.

### Industry Advisory Committees Will Meet November 8 and 9

The Industry Advisory Committees of the canning and freezing industries, named by the War Food Administration and the Office of Price Administration, will meet in Washington on November 8 and 9.

Following is a list of the membership of the Canning Industry Advisory Committee:

Vegetables—Harry L. Cannon, E. C. Christensen, R. D. Cleaveland, E. B. Cosgrove, H. T. Cumming, F. Lowden Jones, Karl Kurer Mayer, Julian McPhillips, E. N. Richmond, George T. Sanders, Carl Scudder, Fred A. Stare, E. F. Trego, Howard S. Ziegler.

Fruit—Fred Drew, Alfred W. Eames, Frank H. VanEenwyk, E. E. Huddleston, M. C. Hutchinson, Roy E. Ingalls, Ivan H. Moorhouse, Robert C. Paulus, George Pfarr, George S. Wenger.

Non-seasonal Products—Harold K. Bachelder, Arthur C. Dorrance, E. R. Elwell, Frank Gerber, Fred C. Heinz, Scott A. Holman, Jack Morgan, Emil Rutz.

## Inventory Factor Set at 5.5

The wholesale inventory factor for processed foods for the reporting period of December 5, 1943, through January 1, 1944, will be 5.5, the Office of Price Administration announced November 6. This is set forth in Amendment 28 to Revised Supplement 1, Ration Order 13, effective November 10.

The factor is a number set by OPA to determine the wholesaler's maximum allowable inventory for each reporting period. The maximum allowable inventory for the December period is figured by totaling the point value of sales or transfers during the August, September and October periods, dividing by three to get the average for the three periods, and multiplying the result by the factor 5.5.

The factor during the three preceding report periods was 6.0. The reduction is accounted for by the fact that the commercial canning season will have passed the peak of its production by December, and there will be less need for building up wholesale inventories.

## New Set-up for Containers Division Explained by WPB

The War Production Board Containers Division, except for the sections handling corrugated, solid fibre, folding and set-up boxes, will continue to function under E. F. Tomiska, Director, but will be transferred to the new Forest Products Bureau, Harold Boeschstein, acting director of the Bureau, has explained.

The Corrugated and Fibre Solid Box Section, and the Folding and Set-up Box Section, formerly parts of the Containers Division, have been made subdivisions of a newly created Paper Board Division.

Other types of paper containers, namely, multi-wall shipping sacks; grocery, variety and specialty bags; fibre cans; paper cups; fibre drums; food pails; liquid-tight containers; milk bottles and closures; as well as textile bags; wooden containers; metal cans, tubes and drums; and glass containers will continue to be handled by the Containers Division, as formerly.

## Herring and Burke Leave OPA

Resignation of George J. Burke as general counsel of the Office of Price Administration, and of former Senator Clyde L. Herring as senior assistant to the administrator, were announced by that agency November 3.

## WFA Set-aside Removed from Dry Peas, Reduced for Beans

Removal of governmental set-aside requirements for dry peas and split peas and a reduction in the required reservation of dry edible beans were announced November 2 by the War Food Administration.

These steps, taken in Amendment 2 to Food Distribution Order No. 45, which became effective November 1, were taken to assure availability of supplies of dry peas and beans allocated for civilian use in the 1943-44 season, stated WFA. They eliminate any further reservation of peas under the order and release those set-aside for government purchase which are not under contract. In addition, the required set-aside of dry beans of designated classes is reduced from 150 to 100 per cent of the quantities delivered by country shippers into civilian trade channels.

Effect of this action will be to increase immediately the supplies of peas and beans in civilian trade channels and assure that the full quantities allocated will be available to civilians, it was stated. Supply conditions at present, officials explained, indicate that governmental requirements for dry peas can be obtained without the set-aside, and that the reduced set-aside for dry beans probably will provide enough to meet governmental needs.

The purpose of FDO 45 has been to assure the availability of the quantity of beans and peas required by governmental agencies. Effective July 1, 1943, country shippers were required to set aside, in effect, 1½ carloads of beans or peas for every carload delivered into civilian trade channels. As now amended, the order requires that only one carload of beans be reserved for purchase by designated governmental agencies or authorized purchasers for each carload of the specified classes delivered into regular trade channels. The classes of dry edible beans affected by the amended order are: Pea beans, Great Northern, small white, flat small white, light red kidney, dark red kidney, Western red kidney, cranberry, small red, pink, pinto, and baby lima.

## Bowles Appointment Confirmed

The Senate, without objection, confirmed the nomination of Chester Bowles to be Administrator of the Office of Price Administration on November 4. Mr. Bowles acted as general manager of OPA during the latter part of Prentiss M. Brown's administration. The nomination of Mr. Bowles was sent to the Senate on October 25, as reported in last week's INFORMATION LETTER.

## NEW FISH OIL QUOTAS AND QUOTA PERIODS ESTABLISHED

### Salmon Cannery Allowed 100% of 1942 Quantity in WFA Amendment

The War Food Administration has prescribed new quotas and quota periods for the use of fish oils, and has made several changes in the fish oils limitation order (Food Distribution Order No. 80). The action was taken by an amendment to FDO 60, which became effective November 1.

The amended order, which now includes Alaska seal and rosefish oils, provides for use of fish oils (or their derivatives) in alkyd resins, metallic soaps, rubber compounding, natural leather, manufacture of lubricants and metal working compounds, other than core oil.

Other users of fish oil have been assigned quotas as follows:

(1) Packers of canned salmon—100 per cent of quantity used in 1942.

(2) Manufacturers of vitamin feeding oils, medicinals or pharmaceuticals, natural leather, terne plating, galvanizing, hot dip tinning, caulking compounds and putties—100 per cent of the quantity used in the corresponding calendar quarter of 1942.

(3) Manufacturers of shortening, water soluble soap, linoleum, felt base floor covering, oil cloth and coated fabrics—60 per cent of the quantity used in 1942. Alaska herring and Alaska seal oils are not permitted for these purposes, however.

(4) Manufacturers of paints, varnishes, lacquers, and other protective coatings—60 per cent of the quantity used in the corresponding calendar quarter of 1942.

The original order permitted the unlimited use of fish oils in canned salmon and most of the products in group (2). Their use in the products of groups (3) and (4) was limited to 40 per cent of the average quantity used in 1940 and 1941.

The term "fish oil" has been defined in the amended order as all such oil whether crude, refined, pressed, sulfonated, or otherwise processed, and all its by-products and derivatives (except pitch), including foets, stearine, and fatty acids; and the "fish oil" content of any other product.

The amended order permits manufacturers who use not more than 1,000 pounds of fish oil per quarter to operate without restriction, but this exception does not apply to the use of these oils by a feed manufacturer, or to the use of Alaska seal oil for any purpose other than in natural leather.

A provision of the original order which exempted all fish oils produced prior to June 1, or processed prior to July 1, has been eliminated from the

amended order. The order, therefore, covers all stocks on hand, regardless of when produced.

Manufacturers desiring to use fish oils for purposes not covered by the order, or quantities in excess of quotas, may apply for allocation on Form FDA-478 to the Fats and Oils Branch, Food Distribution Administration, Washington 25, D. C., Ref. FDO-60.

Manufacturers using 6,000 pounds (or more) of fish oil per quarter are required by the amended order to report this use to the Bureau of the Census, Washington 25, D. C., on Census Forms BM-1 and BM-2. If a manufacturer has been reporting his use to the Census under FDO-42, the general order on fats and oils, he should continue to do so. If he has not heretofore reported, but is now subject to provisions of FDO-60 amended, he should report his usage (of 6,000 pounds or more) to the Bureau of the Census on the Census forms. Census Forms BM-1 and BM-2 are the same forms used in reporting on all fats and oils under FDO-42.

No provision has been made in the amended order for the exempt use of oil in products delivered to the Armed Services, as FDO-59 creates a reserve from which oil for these purposes is allocated when necessary.

### Alaska Salmon Pack for 1943

The final 1943 pack of canned Alaska salmon totaled 5,404,710 standard cases, according to the October 30 report of the U. S. Fish and Wildlife Service. This compares with the 1942 total of 5,015,374 standard cases, and with the following totals in previous years: 6,865,463 in 1941; 5,042,715 in 1940; 5,159,186 in 1939; and 6,782,574 in 1938. The following table shows the 1943 pack by districts and species:

DISTRICT	Coho Cases	Chum Cases	Pink Cases	King Cases	Red Cases	Total Cases
Bristol Bay.....	167	37,073	.....	6,033	1,275,081	1,318,354
Alaska Peninsula:						
North side.....	.....	3,680	54	56	39,330	43,120
South side.....	6,665	70,624	167,101	1,936	177,096	423,422
Chignik.....	1,785	4,415	3,987	249	107,758	118,194
Kodiak.....	5,527	41,653	555,366	270	120,556	733,372
Cook Inlet.....	23,546	26,254	58,903	31,311	102,864	242,878
Prince Wm. Sound.....	7,849	30,326	512,362	108	12,377	563,022
Copper River.....	21,705	.....	.....	4,800	86,811	83,496
Yakutat.....	12,443	.....	1,577	215	10,008	34,243
Icy Strait.....	3,147	63,985	60,881	124	11,397	139,534
Western.....	9,639	177,210	123,318	55	16,266	325,888
Eastern.....	5,452	110,912	93,048	799	7,192	217,403
Wrangell.....	17,432	80,696	120,730	68	11,618	239,544
South Prince of Wales Island.....	15,765	75,217	162,482	15	5,656	259,135
Southern.....	29,084	165,752	478,156	483	23,060	666,495
Total through October 30, 1943....	159,666	887,797	2,332,965	46,612	1,977,670	5,404,710
Total through October 30, 1942....	331,269	938,165	2,799,507	40,838	905,595	5,015,374

### Fishermen Allowed Maximums Granted to Primary Shippers

Fishermen who also perform the functions of primary fish shippers or other types of wholesalers, and who were performing these functions at a regular place of business prior to July 13, 1943, can charge the maximum price allowed the corresponding type of wholesaler, the Office of Price Administration announced November 4. This action was taken through Amendment No. 16 to Maximum Price Regulation No. 418, effective November 9.

Two changes were made in the requirements as to invoices. Fishermen's sales no longer require the giving of an invoice to the primary fish shipper or other buyer. OPA felt the shippers and other wholesalers might better provide the first invoices.

In these invoices, OPA emphasized, the buyer must state, among other things, the size, grade and style of dressing of the species of fish. From now on, shippers and other sellers who fail to state this information on their invoices can charge only the lowest maximum allowed for the species involved.

Two other changes also were made in the regulation:

(1) Primary fish shippers must label every container of fresh shrimp and prawn, or attach a tag to every container, with the count and net weight of the seafood and the name and address of the shipper.

(2) Filleters and others who fresh process fish will be allowed the actual container costs paid by them when they buy fish to fresh process, these costs not to exceed 3 cents a pound.

### Pacific Fisheries Meeting

The Association of Pacific Fisheries will hold its 30th annual convention December 3 at the Olympic Hotel, Seattle, Washington.

## Maximum Prices Established For Frozen Shrimp and Prawn

Specific cents-per-pound maximum prices for sales of frozen shrimp and prawn at the processor level were revised November 3 by the Office of Price Administration in line with the prices recently established for fresh shrimp and prawn. This action was taken through Amendment 7 to Maximum Price Regulation No. 364, effective November 8.

While there are several slight price changes over or under prices which have been in effect on individual shrimp or prawn items, the various increases in prices are offset by an equivalent number of decreases, OPA stated.

For example, the maximum price set for frozen headless shrimp and prawn, with a count of 21 to 25 to the pound, is raised from 27 to 28 cents a pound, and the maximum price for frozen peeled and veined shrimp and prawn, with a count of 20 to 27 to the pound, is raised from 37½ to 40½ cents a pound. On the other hand, the price for frozen headless shrimp and prawn, with a count of 66 or more to the pound, is lowered from 19 to 17½ cents a pound, and the price set for frozen peeled shrimp and prawn, with a count of 31 or more to the pound, is lowered from 24½ cents a pound to 22½ cents a pound.

For the first time, uniform ceiling prices are established for frozen head-on shrimp. These have entered the market to some extent, OPA said, because some dealers sought to sell head-on instead of headless shrimp at maximum prices listed for frozen shrimp and prawn. The prices set for head-on sales are sufficiently below those for the usual, headless shrimp, to cut off the benefit which the minority had achieved by this trade practice, it was stated.

## Re-Sale of Grapefruit Juice

Approximately 2,400,000 cases of grapefruit juice purchased by the Government from the 1942-43 pack have been offered for sale to the original vendors by the Food Distribution Administration. In letters dated November 1, the Fruit and Vegetable Branch of FDA granted the original vendors 15-day options to repurchase lots remaining from their stocks bought by the Government. The letter announcing the proposed resale stated that "if you do not desire to exercise this option, a general announcement for the sale of this product may be issued".

## California Sardine Report

Estimated figures on tonnage of sardines delivered to California processing plants and cases of sardines packed during the current season to October 30 inclusive, as reported by the California Sardine Products Institute, are as follow:

TONNAGE:	Tons
San Francisco Bay.....	99,767
Monterey.....	96,840
Southern California.....	49,342
Total.....	245,958

  

PACK:	Cases
Can sizes:	
1-lb. ovale.....	642,973
1-lb. tails.....	695,746
½-lb. fillets.....	11,435
½-lb. round 90's.....	55,064
5-oz. 100's.....	6,996
Miscellaneous.....	28,759
Total.....	1,440,973

## Fish Cannery Asked to Check Records on Government Quotas

The following letter has been sent to fish cannery by H. C. Albin, Chief, Special Commodities Branch, Food Distribution Administration of the War Food Administration:

"The attention of all cannery operating under Food Distribution Order No. 44 is invited to the provision of that order (paragraph (a)(3)) which establishes each cannery's quota of canned fish for delivery to governmental agencies at not less than 54 per cent nor more than 56 per cent of his pack.

"As the canning season draws to a close each cannery should check his records very carefully to make sure that his final shipment to governmental agencies is such as to bring his total deliveries to governmental agencies within the quota limits referred to above. Deliveries to the Federal Surplus Commodities Corporation in violation of the order may jeopardize payment on contracts which cover only the government quota.

"Any cannery who believes that it will work an exceptional and unreasonable hardship to deliver within the quota limits may address to the Director, Food Distribution Administration, Reference FDO 44, a request for an exception from the quota provisions of the order, stating reasons for the request. Such requests will receive prompt attention."

## Pennsylvania Cannery Meeting

The 29th annual convention of the Pennsylvania Cannery Association will be held in the Yorktowne Hotel, York, on December 15 and 16.

## PEANUT BUTTER PAYMENTS

Will Be Made to Producers; OPA Scales Down Ceilings at Packer Level

The War Food Administration recently announced that payments at the rate of 4½ cents per pound will be made to manufacturers of peanut butter on peanut butter shipped on and after November 1, 1943, to primary distributors, wholesalers or retailers, or from manufacturers to their branch warehouses or retail stores for sale in containers of two pounds or less to consumers. Payments will be limited to peanut butter for consumer use in continental United States as distinguished from use by industrial, institutional and governmental agencies.

Also effective on November 1 was Amendment 4 to Revised Maximum Price Regulation No. 335, which provides that processors, primary distributors, or other intermediate handlers reduce their price ceilings by the amount of the distribution payments authorized by WFA. Wholesalers and retailers will calculate new ceilings under their mark-up regulations. The Office of Price Administration stated that the reduction of 4½ cents per pound at the processor level will work out to a reduction of 6½ to 7 cents a pound at retail.

Since the 4½ cents a pound distribution payments, which are made by the Commodity Credit Corporation, do not apply to sales to commercial, industrial or institutional users or to governmental agencies, there is no change in OPA ceilings on sales to those buyers.

Amendment 4 to RMPR 335 also requires that processors and distributors pass on notice of the price reduction with a requirement that wholesalers and retailers must refigure their ceilings under their respective regulations.

## Sugar May Be Allocated For Freezing Grapefruit Segments

To conserve supplies of grapefruit for civilian use after the fresh grapefruit season is over, it is expected that the Office of Price Administration will shortly make sugar available to freezers of segments. Since the entire production of canned grapefruit is set aside for government purchase, frozen segments would thus be the only processed form in which the fruit is made available to civilians. It is expected that the sugar will be allocated at a rate of one pound to each five pounds of fruit, and that packaging will be permitted only in containers of less than 30 pounds.



## PRODUCT CLASSIFICATION IS CHANGED BY AMENDMENT

### Regulation Covering Wholesalers and Retailers Technically Revised

Changes in a number of food commodity classifications, including processed fish, canned meat, canned soups and frozen foods, were announced November 4 by the Office of Price Administration as amendments were made to the mark-up regulations for food wholesalers and retailers. The provisions are contained in Amendment No. 6 to Maximum Price Regulation No. 422, effective November 24.

In recent months, the OPA press statement said, processors have begun to package and distribute many new products as "frozen foods". These commodities were not within the definition of frozen vegetables and fruits existing up to this time in the regulations. The amendments broaden the commodity group to include frozen gravies, meat stews, soups, products in which meat, chicken, turkey, fish or seafood are combined with other ingredients, and frozen food for dogs and cats. At the same time, such of these items as are now grouped with frozen foods are specifically excluded from their original commodity groups. Excluded, however, from the frozen-food commodity group are frozen pies and pastries, frozen meat, poultry, fish and seafood, ice cream, sherbets and frozen confections.

Two other new provisions explain the mechanics of figuring new ceiling prices where new food products have been added to the regulation or where mark-ups for products already covered are changed. These direct how and when prices are to be refigured in such cases.

Sections of the amendment to the distributors' regulation that are of interest to freezers and canners are the following:

Section 38 (b) (8) is amended to read as follows:

(8) "Fish, processed" includes, but is not limited to, canned fish, canned seafood, and salted, pickled, smoked, dried or otherwise processed fish, such as fish cakes, roe, clam juice, and oyster puree. Excluded are fresh or frozen fish, fresh or frozen seafood, frozen food products in which fish or seafood are combined with other ingredients, and caviar.

10. Section 38 (b) (13) is amended to read as follows:

"Frozen foods" means packaged quick-frozen or cold-packed foods sold from refrigerated cabinets or lockers, including, but not limited to all fruits, berries, fruit or berry juices, and mixtures, vegetables, vegetable juices, and mixtures, including mushrooms, dog and cat food not prepared by you for

pet food, applesauce, macaroni and spaghetti products, chop suey, gravies, pork-and-beans, soups, food products in which meat, chicken, turkey, fish or seafood are combined with other ingredients, meat stews, and corned beef hash. Excluded are frozen pies and pastries, frozen meat, poultry, fish and seafood, ice cream, sherbet, and frozen confections.

Section 38 (b) (19) is amended to read as follows:

(19) "Meat, canned" includes, but is not limited to, canned or glassed chicken and turkey products, chicken-and-noodles, chili con carne, meat spreads, meat gravy, pickled meats, ravioli, spaghetti-and-meatballs, stews, tamales and tripe. Excluded are mince-meat, any canned meat which is removed from the can by the retailer and sold sliced in smaller amounts, frozen food products in which meat, chicken and turkey are combined with other ingredients, frozen meat gravies, and frozen meat stews.

Section 38 (b) (27) is amended to read as follows:

(27) "Soups, canned" includes all soups, broths and chowder. Excluded are meat stews, "baby" or "junior" soups, dehydrated soups, and frozen soups.

## CEILINGS FOR PICKLES

### New Price Regulation Reflects Higher Ingredient Costs, OPA States

All pickles (except fresh cucumber pickles) and picalilli, have been given maximum prices at levels up to, but not including wholesale and retail, in a new maximum price regulation issued by the Office of Price Administration and effective on November 2. The new maximums reflect higher ingredient costs and will mean about one cent a jar more in the price of pickles to the consumer, it was stated.

The new regulation (Maximum Price Regulation No. 488) covers sales of salt stock, brine and processed pickles, finger pepper, cherry pepper, cauliflower, onions and pepper hulls; genuine dill pickles, and picalilli.

Up to now, pickles have been priced under the General Maximum Price Regulation at their highest March, 1942, levels.

Under the new regulation, salters and briners of cucumbers are permitted to add to their former selling price the actual increase since 1942 in the cost to them of raw cucumbers. This amount is 25 cents a bushel. The current average cost is \$1.05 a bushel or 32 per cent above 1942. This figure, while reflecting present parity to cucumber growers, is higher than the highest price, adjusted for grade, season and location, paid to growers between Jan-

uary 1 and September 15, 1942. It is, therefore, the legal minimum which can be used as the basis for prices established in the new regulation.

For other vegetables used in making pickle products, such as cauliflower, onions, pepper hulls, etc., exact parity prices are not available. They are designated as minor vegetables, and best estimates show an average increase in prices of 20 per cent. Briners and salters are therefore permitted to establish their maximums by adding to their former selling prices for these items, 20 per cent of the 1942 cost of these raw vegetables.

Final processors are faced with the identical increases in the cost of their raw materials. They are allowed to increase their former maximum prices by 5 per cent.

Wagon wholesalers of pickles are permitted to pass on the exact amount by which their suppliers' maximum prices have been increased by this regulation.

For all other sellers, except wholesalers and retailers, the maximum price shall be the suppliers' maximum prices under the new regulation adjusted where necessary to include incoming freight.

The regulation also makes provisions for computing maximum prices for new items, for new container types and sizes and for making application to OPA for prices. Sellers must notify their buyers of new prices, and if a buyer is a wholesaler or a retailer, he must be notified to re-calculate his own maximum price under the wholesale and retail regulations (MPR's 421, 422, and 423).

## Orange Handlers Released From Set-aside Order

California and Arizona orange handlers were released from the set-aside provisions of Food Distribution Order 6.1, October 31, by the War Food Administration.

The regulations which required orange handlers in these two States to set-aside for processing a quantity of oranges equal to 20 per cent of the shipments which they made for fresh market use, has been in operation since January 24. It was reported in the INFORMATION LETTER for January 23.

Food Distribution Administration officials stated that the set-aside provisions are being terminated as the 1942-43 citrus season in California and Arizona is about over and the processing requirements from that season's crop have been met.

## Congress Considers Funds for Recruiting Foreign Labor

In reporting to the House, on November 4, the first Supplemental National Defense Appropriation Act, 1944, the House Committee on Appropriations recommended a \$2,000,000 cut in a War Manpower Commission request for funds with which to bring foreign labor into the United States. The Committee's bill would allow WMC \$2,125,000 for this purpose and specifically prohibits any use of the funds for "the recruitment or transportation of workers for employment in agriculture."

While the Appropriations Committee was considering the Commission's request, the Department of Agriculture submitted a request for \$35,000,000 for the continuation in 1944 of its farm labor supply program under Public Law No. 45. The request of the Agriculture Department also included a proposal to broaden the Congressional limitations on its farm labor supply program by making it applicable, when authorized by the War Food Administrator, to packers, canners, freezers, and other processors of perishable fruits and vegetables.

The submission of the request by the Department of Agriculture and the current appropriation contained in Pub-

lic Law No. 45 were assigned by the Committee as the reasons for prohibiting WMC from using its funds for placing foreign labor in agriculture. The report of the Committee summarized the Commission's testimony in support of its request by stating that WMC contemplates the transportation, chiefly from Puerto Rico, of 40,000 unskilled workers. The Committee was advised by WMC that shortages of labor for heavy work in the casting, jute, railway, metal mining, smelting, and lumber industries are increasingly in evidence or in prospect.

It is probable that whatever action the Committee takes on the request of the Department of Agriculture for \$35,000,000 for continuation of its farm labor supply program will be contained in a separate measure and not included in a general deficiency or supplemental appropriation bill.

## Aluminum Control Eased

Aluminum is now permitted for the fabrication of coils and fins for refrigeration and heating equipment, according to provisions of Supplementary Order M-1-1, as amended October 29, by the War Production Board. The amended order specifies a number of other permitted uses of this metal, which has been under strict war production control since January, 1942.

## Congress Receives Food Message; House Awaits Anti-subsidy Report

Filing of a formal report on the bill to continue the Commodity Credit Corporation and to ban, after December 31, all government food subsidies, has been postponed by the House Committee on Banking and Currency pending the drafting of a minority statement. Provisions of the bill as agreed to by the Committee were summarized in the INFORMATION LETTER for October 16. It is expected that the report will be filed within a few days and that it will receive House consideration about November 15.

Meanwhile, the President sent to Congress on October 31 a message outlining the objectives of the food program in which he said that "while the question of production for 1944 is an essential one, we must not lose sight of the necessity for keeping the prices of our present food supply at reasonable levels." The two major objectives of the food program, the President said, are to raise enough food to meet the needs of the armed forces, civilians, and fighting allies and to see that the civilian supply is divided fairly and obtainable at reasonable prices.

After reviewing food production records of the past season and citing the

demands that will be made on 1944 production, the President stated:

"In order to obtain the great production level of 1943, it was necessary to assure the farmers that their return would be sufficiently high to encourage them to plant and at the same time it was necessary to insure the consumer against prices for food which would be too high for him to purchase. This could be done only with the use of government funds, and in order to bring about the proposed increased production for 1944 it will be necessary to use additional government funds."

Following a discussion of support prices and equalization payments, last year's all-time peak farm income, consumer food prices, the administration of the food program, and other related topics, the President included the following in a summary statement:

"The price support program is proving reasonably successful on both fronts: increasing production and maintaining fair food prices for the consumer. I am convinced that to abandon our present policy would increase the cost of living, bring about demands for increased wages which would then be justifiable, and might well start a serious and dangerous cycle of inflation—without any net benefit to anyone."

## Requirement for Canned Foods Carloading Not Changed by ODT

The Office of Defense Transportation has issued a further revised version of its General Order ODT 18, which requires maximum loading of railroad freight cars.

The order (General Order ODT 18A), which became effective November 1, supersedes General Order ODT 18, Revised, as amended, and also incorporates Special Directions ODT 18A-1, 18A-2, and 18A-3, and General Permit ODT 18A-1, which are being issued concurrently with General Order ODT 18A. Outstanding special directions issued in connection with General Order ODT 18, Revised, as amended, are revoked.

ODT officials pointed out that the new order makes no radical changes in current loading requirements, but that the old order is being amplified to meet changed loading conditions.

The carloading requirement for canned foods remains unchanged. It is specified in Special Direction ODT 18A-1 in Section 520.490 *Loading of certain non-perishable freight*, as follows: "Paragraph 390. *Foodstuffs, canned*. Shall be loaded to a weight not less than 65,000 pounds".

The new order, like General Order ODT 18, Revised, has general application with respect to carload freight offered for transportation at any point of origin in the continental United States, whether such freight is destined to a point in the United States or otherwise. It does not apply to carload freight loaded in a freight car at a point of origin outside the continental United States and destined to a point in the United States.

Provision is made in the new order for the loading of merchandise freight in a car with carload freight when such loading is authorized by a special permit issued by the ODT.

The new order incorporates a section of the old order which provides that, under stated circumstances, not in excess of three consigners may consolidate in a single car separate consignments of carload freight originating at the same point of origin, for shipment to not in excess of three consignees at not in excess of three destinations.

The new order provides in part that rail carriers shall publish a specific tariff rule or rules governing the restowing or rebracing of carload freight at intermediate destinations to apply on carload freight transported subject to the aforementioned consolidation privileges.

### ICC Requested to Postpone Freight Rate Increases

Heads of three Federal war agencies have requested the Interstate Commerce Commission to suspend freight rate increases beginning January 1, 1944, that would add over 300 million dollars annually to the bills of Government, farmers, business men and private consumers. Joining in the request were the Director of Economic Stabilization, the War Food Administrator, and the Price Administrator.

First suspended on May 15, 1943, until the end of the year, the increases would add an average 4.7 per cent to freight rates and charges, it was stated.

The war agencies' request is in return to an order of the ICC of October 7, which called upon the railroads and other parties to the proceeding involving suspension of the rate increase (Ex Parte 148) to show cause, "if any there be," why the Commission should not continue the suspension to July 1, 1944. The original suspension was ordered following a hearing early this year on a petition of the Price Administrator on his behalf and that of the Director of Economic Stabilization, which was supported by the Department of Agriculture, the Bituminous Coal Consumers Counsel, a large number of State regulatory agencies, farm and shippers' associations.

Before the May 15 suspension, the Office of Price Administration amended a number of price control regulations to pass on the resulting decreases in cost. In most cases, however, the decreased costs became effective automatically because transportation charges frequently are allowed in addition to maximum prices.

### WPB Makes Alcohol Available For Production of Vinegar

Producers of cider vinegar who are unable to obtain enough cider to keep their output at 1940-41 levels are now eligible to use part of the industrial alcohol supply in the production of vinegar. This alcohol is being released by the War Production Board on the recommendation of the War Food Administration, to fill the gap in this year's cider vinegar production caused by a short apple crop.

Vinegar producers who want an authorization to buy alcohol to supplement their present production should make formal application on Form WPB 2945 to Frank E. Bennett, Administrator of Conservation Order M-30, War Production Board, 1506 Temporary S Building, Washington, D. C. Copies of the form

can be obtained from the Distribution Unit, Inquiry Section, War Production Board, 1501 Social Security Building, Washington, D. C., or from any WPB Regional office.

In applying for the WPB authorization, producers of cider vinegar should state their production, in 50-grain gallons, by calendar quarters during the fiscal year ending June 30, 1941,—the base year under Order M-30, which controls the use of industrial alcohol. The WPB will use these figures as a basis for allotting sufficient alcohol to maintain production at 1940-41 levels.

### Bituminous Coal Frozen

Solid Fuels Administrator for War Harold L. Ickes, on November 1, froze approximately 2,000,000 tons of the bituminous coal in transit on the railroads and placed restrictions on retail delivery of the fuel.

The coal frozen is in addition to approximately 1,000,000 tons or more ordered held October 29 on tracks at the mine.

Retail dealers and others selling in less than carload lots were forbidden from delivering and consumers were prohibited from accepting bituminous coal unless the consumer's coal supply, including all usable sizes, grades and kinds, gives less than 10 days' protection.

Deliveries in any quantity, as long as the delivery plus the stocks on hand do not bring the total supply above 10 days, were permitted to such non-industrial consumers as hospitals, doctors' offices, hotels, apartment buildings, drugstores, food stores or markets, restaurants and Federal, State and Municipal buildings. Industrial consumers using coal bought at retail in sizes not generally used for non-industrial purposes, may also be supplied with sufficient coal to bring their total coal on hand to a maximum of 10 days' supply if delivery is required to prevent irreparable damage to the plant.

### Chili Con Carne Is Rationed

Canned or brick chili con carne, without beans, appears on the list of rationed foods for the first time. Given a value of 6.0 points per pound, this product is listed under the "Meat in Tin or Glass Container" classification in the Eighth Official Table of Trade Point Values for Meats, Fats, Fish and Dairy Products, which the Office of Price Administration announces will be effective from October 31 until December 5.

### Hendrickson Named to Head Food Requirements Committee

Roy F. Hendrickson, Director of Food Distribution, has been named chairman of the newly-formed Food Requirements and Allocations Committee, according to an announcement by War Food Administrator Marvin Jones. The membership of the committee, established in an amendment to Executive Order 9834, represents all U. S. agencies that are claimants for food either for domestic or foreign account. Mr. Hendrickson also was designated as personal representative and deputy of the War Food Administrator on the Combined Food Board.

As chairman of the Food Requirements and Allocations Committee, Mr. Hendrickson will be responsible for receiving all food requirements and for recommending all food allocations. Members of the Committee, though not yet named, will represent the War Department, Navy Department, Office of Foreign Economic Administration, the War Shipping Administration, the Civilian Food Requirements Branch of the Food Distribution Administration, and the Food Production Administration.

### Ceiling Determination Method For Processed Mincemeat

A method by which processors of mincemeat can determine their maximum prices on the basis of recently announced apple prices and increases in other ingredients and packaging materials has been announced by the Office of Price Administration.

Application of the new method, which is provided for in Amendment 11 to Maximum Price Regulation No. 262, effective November 1, will mean an increase of about one cent a pound at the processor level. These prices had been established under a formula application.

The adjustment made by the new amendment is based on prices for apples which were announced by the Office of Economic Stabilization and the War Food Administration, as well as on increases in the prices of such other ingredients as raisins and rum. Cost for apples may be figured at not higher than \$3.10 per hundred pounds, the recommended price for U. S. No. 1 Cannery Grade, Class A varieties.

Processors are required to notify wholesalers and retailers who sell under fixed mark-ups that they are entitled to refigure their respective wholesale and retail maximum prices.